

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

Better Health Plans, Inc

NAIC Group Code	2718	2718	NAIC Company Code	11139	Employer's ID Number	62-1839257
	(Current Period)	(Prior Period)				
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ]		Property/Casualty[ ]		Hospital, Medical & Dental Service or Indemnity[ ]	
	Dental Service Corporation[ ]		Vision Service Corporation[ ]		Health Maintenance Organization[X]	
	Other[ ]		Is HMO Federally Qualified? Yes[ ] No[X]			
Date Incorporated or Organized	08/09/2000			Date Commenced Business	07/01/2001	
Statutory Home Office	1000 Ridgeway Loop Road, Suite 203			Memphis, TN 38120		
	(Street and Number)			(City, or Town, State and Zip Code)		
Main Administrative Office	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(412)858-4000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	300 Oxford Drive			Monroeville, PA 15146		
	(Street and Number or P.O. Box)			(City, or Town, State and Zip Code)		
Primary Location of Books and Records	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(412)858-4000		
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.trhp.com					
Statement Contact	Leslie Ann Gelpi			(412)858-4000-2201		
	(Name)			(Area Code)(Telephone Number)(Extension)		
	lgelpi@trhp.com			(412)380-6013		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact	300 Oxford Drive			300 Oxford Drive		
	(Street and Number)			(Street and Number)		
	Monroeville, PA 15146			(800)400-4003		
	(City, or Town, State and Zip Code)			(Area Code) (Telephone Number)(Extension)		

OFFICERS

Chief Executive Officer/President	Thomas Warren Carmichael
Secretary/Treasurer	William Howard Lawson Jr.
Vice President-Finance/Ass. Secy/Asst. Treas.	Leslie Ann Gelpi
Vice President-Marketing & Provider Relations	Jennifer Lee Kessler
Vice President - Operations	Fred Owen Madill
Vice President/General Counsel	David William Thomas
Compliance Officer	Heather Rachelle Miller
Vice President - Medical Operations	Shirley Jean Blevins

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Thomas Warren Carmichael	William Howard Lawson Jr.
John Hull Dobbs Jr.	

State of Pennsylvania  
County of Allegheny ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
Thomas Warren Carmichael	William Howard Lawson, Jr.	Leslie Ann Gelpi
(Printed Name)	(Printed Name)	(Printed Name)
President and CEO	Secretary/Treasurer	VP Finance/Asst.Treasurer/Asst Secretary

Subscribed and sworn to before me this _____ day of _____, 2003	a. Is this an original filing?	Yes[X] No[ ]
	b. If no,	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds .....	1,153,235		1,153,235	900,000
2.	Stocks: .....				
2.1	Preferred stocks .....				
2.2	Common stocks .....				
3.	Mortgage loans on real estate: .....				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A): .....				
4.1	Properties occupied by the company (less \$..... encumbrances) .....			(a).....	
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....9,746,397, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2) .....	9,746,397		9,746,397	16,753,433
6.	Other long-term invested assets .....				
7.	Receivable for securities .....				
8.	Aggregate write-ins for invested assets .....				
9.	Subtotal, cash and invested assets (Lines 1 to 8) .....	10,899,632		10,899,632	17,653,433
10.	Accident and health premiums due and unpaid .....	14,952		14,952	807,854
11.	Health care receivables .....	197,920	197,920		258,043
12.	Amounts recoverable from reinsurers .....	11,607		11,607	
13.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
14.	Investment income due and accrued .....	32,475		32,475	35,690
15.	Amounts due from parent, subsidiaries and affiliates .....				
16.	Amounts receivable relating to uninsured accident and health plans .....	609,607		609,607	
17.	Furniture and equipment .....				
18.	Amounts due from agents .....				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset) .....				
20.	Electronic data processing equipment and software .....				
21.	Other nonadmitted assets .....				
22.	Aggregate write-ins for other than invested assets .....	30,011	30,011		
23.	Total assets (Lines 9 plus 10 through 22) .....	11,796,204	227,931	11,568,273	18,755,020
DETAILS OF WRITE-INS					
0801	.....				
0802	.....				
0803	.....				
0898.	Summary of remaining write-ins for Line 8 from overflow page .....				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2201.	Prepaid Expenses .....	30,011	30,011		
2202	.....				
2203	.....				
2298.	Summary of remaining write-ins for Line 22 from overflow page .....				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....	30,011	30,011		

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	7,224,929		7,224,929	13,189,748
2.	Accrued medical incentive pool and bonus payments .....				
3.	Unpaid claims adjustment expenses .....	299,935		299,935	224,500
4.	Aggregate policy reserves .....				
5.	Aggregate claim reserves .....				
6.	Premiums received in advance .....	291,006		291,006	246,959
7.	General expenses due or accrued .....	30,269		30,269	429,963
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability) .....				
9.	Amounts withheld or retained for account of others .....				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current) .....				
11.	Amounts due to parent, subsidiaries and affiliates .....	200,573		200,573	1,520,647
12.	Payable to securities .....				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers .....				
14.	Reinsurance in unauthorized companies .....				
15.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
16.	Liability for amounts held under uninsured accident and health plans .....				
17.	Aggregate write-ins for other liabilities (including \$..... current) .....				
18.	Total liabilities (Lines 1 to 17) .....	8,046,712		8,046,712	15,611,817
19.	Common capital stock .....	X X X	X X X	100	100
20.	Preferred capital stock .....	X X X	X X X		
21.	Gross paid in and contributed surplus .....	X X X	X X X	2,989,400	2,989,400
22.	Surplus notes .....	X X X	X X X		
23.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
24.	Unassigned funds (surplus) .....	X X X	X X X	532,061	153,703
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....) .....	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....) .....	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25) .....	X X X	X X X	3,521,561	3,143,203
27.	Total liabilities, capital and surplus (Lines 18 and 26) .....	X X X	X X X	11,568,273	18,755,020
DETAILS OF WRITE-INS					
1701	.....				
1702	.....				
1703	.....				
1798.	Summary of remaining write-ins for Line 17 from overflow page .....				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) .....				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	260,890	242,981
2.	Net premium income .....	X X X .....	38,264,598	34,895,131
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate Write-Ins for Other health care related revenues .....	X X X .....		
7.	Total revenues (Lines 2 to 6) .....	X X X .....	38,264,598	34,895,131
<b>Medical and Hospital:</b>				
8.	Hospital/medical benefits .....		21,065,827	20,622,556
9.	Other Professional Services .....		4,176,205	7,995,921
10.	Outside Referrals .....			
11.	Emergency room and out-of-area .....		1,088,998	991,881
12.	Prescription drugs .....		6,325,052	
13.	Aggregate write-ins for other medical and hospital .....			25,445
14.	Incentive pool and withhold adjustments .....			
15.	Subtotal (Lines 8 to 14) .....		32,656,082	29,635,803
<b>LESS:</b>				
16.	Net reinsurance recoveries .....		260,719	
17.	Total medical and hospital (Lines 15 minus 16) .....		32,395,363	29,635,803
18.	Claims adjustment expenses .....		922,463	1,060,268
19.	General administrative expenses .....		4,363,782	4,134,052
20.	Increase in reserves for accident and health contracts .....			
21.	Total underwriting deductions (Lines 17 through 20) .....		37,681,608	34,830,123
22.	Net underwriting gain or (loss) (Lines 7 minus 21) .....	X X X .....	582,990	65,008
23.	Net investment income earned .....		310,445	205,916
24.	Net realized capital gains or (losses) .....			
25.	Net investment gains or (losses) (Lines 23 plus 24) .....		310,445	205,916
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
27.	Aggregate write-ins for other income or expenses .....			(16,000)
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....		893,435	254,924
29.	Federal and foreign income taxes incurred .....	X X X .....	303,767	82,670
30.	Net income (loss) (Lines 28 minus 29) .....	X X X .....	589,668	172,254
<b>DETAILS OF WRITE-INS</b>				
0601	.....	X X X .....		
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
1301.	Miscellaneous Medical Expense .....			25,445
1302	.....			
1303	.....			
1398.	Summary of remaining write-ins for Line 13 from overflow page .....			
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....			25,445
2701.	Penalty Assessed by TennCare .....			(16,000)
2702	.....			
2703	.....			
2798.	Summary of remaining write-ins for Line 27 from overflow page .....			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....			(16,000)

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year .....	3,143,203	12,570
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30 .....	589,668	172,254
33.	Change in valuation basis of aggregate policy and claim reserves .....		
34.	Net unrealized capital gains and losses .....		
35.	Change in net unrealized foreign exchange capital gain or (loss) .....		
36.	Change in net deferred income tax .....		
37.	Change in nonadmitted assets .....	(211,310)	(16,621)
38.	Change in unauthorized reinsurance .....		
39.	Change in treasury stock .....		
40.	Change in surplus notes .....		
41.	Cumulative effect of changes in accounting principles .....		
42.	Capital Changes:		
42.1	Paid in .....		
42.2	Transferred from surplus (Stock Dividend) .....		
42.3	Transferred to surplus .....		
43.	Surplus adjustments:		
43.1	Paid in .....		2,975,000
43.2	Transferred to capital (Stock Dividend) .....		
43.3	Transferred from capital .....		
44.	Dividends to stockholders .....		
45.	Aggregate write-ins for gains or (losses) in surplus .....		
46.	Net change in capital and surplus (Lines 32 to 45) .....	378,358	3,130,633
47.	Capital and surplus end of reporting year (Line 31 plus 46) .....	3,521,561	3,143,203
DETAILS OF WRITE-INS			
4501	.....		
4502	.....		
4503	.....		
4598.	Summary of remaining write-ins for Line 45 from overflow page .....		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance .....	39,101,547	34,334,236
2.	Claims and claims adjustment expenses .....	39,061,206	17,539,866
3.	General administrative expenses paid .....	6,253,755	2,298,733
4.	Other underwriting income (expenses) .....		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	(6,213,414)	14,495,637
6.	Net investment income .....	329,550	170,085
7.	Other income (expenses) .....		
8.	Federal and foreign income taxes (paid) recovered .....		
9.	Net cash from operations (Line 5 to 8) .....	(5,883,864)	14,665,722
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds .....	900,000	1,800,000
10.2	Stocks .....		
10.3	Mortgage loans .....		
10.4	Real estate .....		
10.5	Other invested assets .....		
10.6	Net gains or (losses) on cash and short-term investments .....		
10.7	Miscellaneous proceeds .....		
10.8	Total investment proceeds (Lines 10.1 to 10.7) .....	900,000	1,800,000
11.	Cost of investments acquired (long-term only):		
11.1	Bonds .....	1,169,125	2,699,859
11.2	Stocks .....		
11.3	Mortgage loans .....		
11.4	Real estate .....		
11.5	Other invested assets .....		
11.6	Miscellaneous applications .....		
11.7	Total investments acquired (Lines 11.1 to 11.6) .....	1,169,125	2,699,859
12.	Net cash from investments (Line 10.8 minus Line 11.7) .....	(269,125)	(899,859)
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in .....		2,975,000
13.2	Net transfers from affiliates .....		
13.3	Borrowed funds received .....		
13.4	Other cash provided .....		
13.5	Total (Lines 13.1 to 13.4) .....		2,975,000
14.	Cash applied:		
14.1	Dividends to stockholder paid .....		
14.2	Net transfers to affiliates .....	324,457	
14.3	Borrowed funds repaid .....		
14.4	Other applications .....	529,590	
14.5	Total (Lines 14.1 to 14.4) .....	854,047	
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	(854,047)	2,975,000
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	(7,007,036)	16,740,863
17.	Cash and short-term investments:		
17.1	Beginning of year .....	16,753,433	12,570
17.2	End of year (Line 16 plus Line 17.1) .....	9,746,397	16,753,433

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income .....	38,264,598	.....	.....	.....	.....	.....	.....	.....	38,264,598	.....	.....	.....	.....
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													
4.	Risk revenue .....													
5.	Aggregate write-ins for other health care related revenues .....													
6.	Total revenues (Lines 1 to 5) .....	38,264,598	.....	.....	.....	.....	.....	.....	.....	38,264,598	.....	.....	.....	.....
7.	Medical/hospital benefits .....	21,065,827	.....	.....	.....	.....	.....	.....	.....	21,065,827	.....	.....	.....	.....
8.	Other professional services .....	4,176,205	.....	.....	.....	.....	.....	.....	.....	4,176,205	.....	.....	.....	.....
9.	Outside referrals .....													
10.	Emergency room and out-of-area .....	1,088,998	.....	.....	.....	.....	.....	.....	.....	1,088,998	.....	.....	.....	.....
11.	Prescription drugs .....	6,325,052	.....	.....	.....	.....	.....	.....	.....	6,325,052	.....	.....	.....	.....
12.	Aggregate write-ins for other medical and hospital .....													
13.	Incentive pool and withhold adjustments .....													
14.	Subtotal (Lines 7 to 13) .....	32,656,082	.....	.....	.....	.....	.....	.....	.....	32,656,082	.....	.....	.....	.....
15.	Net reinsurance recoveries .....	260,719	.....	.....	.....	.....	.....	.....	.....	260,719	.....	.....	.....	.....
16.	Total medical and hospital (Lines 14 minus 15) .....	32,395,363	.....	.....	.....	.....	.....	.....	.....	32,395,363	.....	.....	.....	.....
17.	Claims adjustment expenses .....	922,463	.....	.....	.....	.....	.....	.....	.....	891,100	.....	.....	.....	31,363
18.	General administrative expenses .....	4,363,782	.....	.....	.....	.....	.....	.....	.....	4,290,415	.....	.....	.....	73,367
19.	Increase in reserves for accident and health contracts .....													
20.	Total underwriting deductions (Lines 16 to 19) .....	37,681,608	.....	.....	.....	.....	.....	.....	.....	37,576,878	.....	.....	.....	104,730
21.	Net underwriting gain or (loss) (Line 6 minus Line 20) .....	582,990	.....	.....	.....	.....	.....	.....	.....	687,720	.....	.....	.....	(104,730)
DETAILS OF WRITE-INS														
0501	.....													
0502	.....													
0503	.....													
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) .....													
1201.	Miscellaneous Medical Expense .....													
1202	.....													
1203	.....													
1298.	Summary of remaining write-ins for Line 12 from overflow page .....													
1299.	TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above) .....													

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	38,461,865	.....	197,267	38,264,598
8.	Other .....	.....	.....	.....	.....
9.	TOTALS .....	38,461,865	.....	197,267	38,264,598



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Payments during the year:									
	1.1 Direct .....	38,620,901							38,620,901	
	1.2 Reinsurance assumed .....									
	1.3 Reinsurance ceded .....	249,112							249,112	
	1.4 Net .....	38,371,789							38,371,789	
2.	Paid medical incentive pools and bonuses .....									
3.	Claim liability December 31, current year from Part 2A:									
	3.1 Direct .....	7,224,929							7,224,929	
	3.2 Reinsurance assumed .....									
	3.3 Reinsurance ceded .....									
	3.4 Net .....	7,224,929							7,224,929	
4.	Claim reserve December 31, current year from Part 2D:									
	4.1 Direct .....									
	4.2 Reinsurance assumed .....									
	4.3 Reinsurance ceded .....									
	4.4 Net .....									
5.	Accrued medical incentive pools and bonuses, current year .....									
6.	Amounts recoverable from reinsurers December 31, current year .....	11,607							11,607	
7.	Claim liability December 31, prior year from Part 2A:									
	7.1 Direct .....	13,189,748							13,189,748	
	7.2 Reinsurance assumed .....									
	7.3 Reinsurance ceded .....									
	7.4 Net .....	13,189,748							13,189,748	
8.	Claim reserve December 31, prior year from Part 2D:									
	8.1 Direct .....									
	8.2 Reinsurance assumed .....									
	8.3 Reinsurance ceded .....									
	8.4 Net .....									
9.	Accrued medical incentive pools and bonuses, prior year .....									
10.	Amounts recoverable from reinsurers December 31, prior year .....									
11.	Incurred benefits:									
	11.1 Direct .....	32,656,082							32,656,082	
	11.2 Reinsurance assumed .....									
	11.3 Reinsurance ceded .....	260,719							260,719	
	11.4 Net .....	32,395,363							32,395,363	
12.	Incurred medical incentive pools and bonuses .....									

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct .....	231,944							231,944	
	1.2 Reinsurance assumed .....									
	1.3 Reinsurance ceded .....									
	1.4 Net .....	231,944							231,944	
2.	Incurred but Unreported:									
	2.1 Direct .....	6,992,985							6,992,985	
	2.2 Reinsurance assumed .....									
	2.3 Reinsurance ceded .....									
	2.4 Net .....	6,992,985							6,992,985	
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct .....									
	3.2 Reinsurance assumed .....									
	3.3 Reinsurance ceded .....									
	3.4 Net .....									
4.	TOTALS									
	4.1 Direct .....	7,224,929							7,224,929	
	4.2 Reinsurance assumed .....									
	4.3 Reinsurance ceded .....									
	4.4 Net .....	7,224,929							7,224,929	

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
	Line of Business						
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	6,514,156	31,846,026	6,675,592	549,337	13,189,748	13,189,748
8.	Other .....	.....	.....	.....	.....	.....	.....
9.	Subtotal .....	6,514,156	31,846,026	6,675,592	549,337	13,189,748	13,189,748
10.	Medical incentive pools, accrual and disbursements .....	.....	.....	.....	.....	.....	.....
11.	TOTALS .....	6,514,156	31,846,026	6,675,592	549,337	13,189,748	13,189,748

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)**

**Grand Total**  
**Section A - Paid Claims**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....					
2.	1998 .....					
3.	1999 .....	X X X .....				
4.	2000 .....	X X X .....	X X X .....			
5.	2001 .....	X X X .....	X X X .....	X X X .....	16,446 .....	6,514 .....
6.	2002 .....	X X X .....	X X X .....	X X X .....	X X X .....	31,846 .....

**Section B - Incurred Claims**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....					
2.	1998 .....					
3.	1999 .....	X X X .....				
4.	2000 .....	X X X .....	X X X .....			
5.	2001 .....	X X X .....	X X X .....	X X X .....	29,636 .....	29,636 .....
6.	2002 .....	X X X .....	X X X .....	X X X .....	X X X .....	32,395 .....

**Section C - Incurred Year Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1998 .....	X X X .....			X X X .....		X X X .....				X X X .....
2.	1998 .....										
3.	1999 .....										
4.	2000 .....										
5.	2001 .....	34,895 .....	22,960 .....	1,210 .....	5 .....	24,170 .....	69 .....	6,676 .....	63 .....	30,909 .....	89 .....
6.	2002 .....	38,265 .....	31,846 .....	742 .....	2 .....	32,588 .....	85 .....	549 .....	5 .....	33,142 .....	87 .....
7.	TOTAL (Lines 1 through 6) .....	X X X .....	54,806 .....	1,952 .....	X X X .....	56,758 .....	X X X .....	7,225 .....	68 .....	64,051 .....	X X X .....
8.	TOTAL (Lines 2 through 6) .....	73,160 .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical. . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare. . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . .	NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)**

**Title XIX - Medicaid**  
**Section A - Paid Claims**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....					
2.	1998 .....					
3.	1999 .....	X X X .....				
4.	2000 .....	X X X .....	X X X .....			
5.	2001 .....	X X X .....	X X X .....	X X X .....	16,446 .....	6,514 .....
6.	2002 .....	X X X .....	X X X .....	X X X .....	X X X .....	31,846 .....

**Section B - Incurred Claims**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....					
2.	1998 .....					
3.	1999 .....	X X X .....				
4.	2000 .....	X X X .....	X X X .....			
5.	2001 .....	X X X .....	X X X .....	X X X .....	29,636 .....	29,636 .....
6.	2002 .....	X X X .....	X X X .....	X X X .....	X X X .....	32,395 .....

**Section C - Incurred Year Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1998 .....	X X X .....			X X X .....		X X X .....				X X X .....
2.	1998 .....										
3.	1999 .....										
4.	2000 .....										
5.	2001 .....	34,895 .....	22,960 .....	1,210 .....	5 .....	24,170 .....	69 .....	6,676 .....	63 .....	30,909 .....	89 .....
6.	2002 .....	38,265 .....	31,846 .....	742 .....	2 .....	32,588 .....	85 .....	549 .....	5 .....	33,142 .....	87 .....
7.	TOTAL (Lines 1 through 6) .....	X X X .....	54,806 .....	1,952 .....	X X X .....	56,758 .....	X X X .....	7,225 .....	68 .....	64,051 .....	X X X .....
8.	TOTAL (Lines 2 through 6) .....	73,160 .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other..... NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other..... NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other..... NONE**

**13      Underwriting Invest Exh Pt 2D - A & H Reserve - ..... NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building) .....	74,311	199,738		274,049
2. Salaries, wages and other benefits .....	1,216,655	3,456,612		4,673,267
3. Commissions (less \$..... ceded plus \$..... assumed) .....				
4. Legal fees and expenses .....		89,014		89,014
5. Certifications and accreditation fees .....				
6. Auditing, actuarial and other consulting services .....		178,101		178,101
7. Traveling expenses .....		124,761		124,761
8. Marketing and advertising .....		15,317		15,317
9. Postage, express and telephone .....	39,891	344,639		384,530
10. Printing and office supplies .....		309,761		309,761
11. Occupancy, depreciation and amortization .....		43,731		43,731
12. Equipment .....		959		959
13. Cost or depreciation of EDP equipment and software .....	82,091	398,609		480,700
14. Outsourced services including EDP, claims, and other services .....	137,297			137,297
15. Boards, bureaus and association fees .....		15,936		15,936
16. Insurance, except on real estate .....		79,017		79,017
17. Collection and bank service charges .....		21,397		21,397
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....	(866,134)	(2,026,097)		(2,892,231)
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....		768,650		768,650
23.3 Regulator authority licenses and fees .....		1,667		1,667
23.4 Payroll taxes .....	127,632	200,459		328,091
23.5 Other (excluding federal income and real estate taxes) .....		2,190		2,190
24. Investment expenses not included elsewhere .....				
25. Aggregate write-ins for expenses .....	110,720	139,321		250,041
26. Total expenses incurred (Lines 1 to 25) .....	922,463	4,363,782		(a) 5,286,245
27. Add expenses unpaid December 31, prior year .....	224,500	1,867,940		2,092,440
28. Less expenses unpaid December 31, current year .....	299,935	57,984		357,919
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....		80,017		80,017
31. Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) .	847,028	6,253,755		7,100,783
<b>DETAILS OF WRITE-INS</b>				
2501. Claims Adjustment Expense .....	75,435			75,435
2502. Recruiting .....		23,296		23,296
2503. Temporary Help .....	35,285	44,861		80,146
2598. Summary of remaining write-ins for Line 25 from overflow page .....		71,164		71,164
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....	110,720	139,321		250,041

(a) Includes management fees of \$.....7,180,955 to affiliates and \$..... to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 18,584	33,709
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash/short-term investments .....	(e)..... 308,497	290,157
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	327,081	323,866
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		13,421
16.	Total deductions (Lines 11 through 15) .....		13,421
17.	Net Investment income (Line 10 minus Line 16) .....		310,445
DETAILS OF WRITE-INS			
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501.	Interest earned on ASO reimbursements forwarded to TennCare .....		13,421
1502	.....		
1503	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		13,421

- (a) Includes \$..... accrual of discount less \$.....15,890 amortization of premium and less \$.....26,246 paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....					
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....					
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash/short-term investments .....					
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses) .....					
DETAILS OF WRITE-INS						
0901	.....					
0902	.....					
0903	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....					

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

		1	2	3
		End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	197,920		(197,920)
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....			
2.2	Leasehold improvements .....			
2.3	Cash advanced to or in the hands of officers and agents .....			
2.4	Loans on personal security, endorsed or not .....			
2.5	Commuted commissions .....			
3.	Total (Lines 2.1 to 2.5) .....			
4.	Aggregate write-ins for other assets .....	30,011	16,621	(13,390)
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	227,931	16,621	(211,310)
<b>DETAILS OF WRITE-INS</b>				
0401.	Prepaid Expenses .....	30,011	16,621	(13,390)
0402	.....			
0403	.....			
0498.	Summary of remaining write-ins for Line 4 from overflow page .....			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....	30,011	16,621	(13,390)

**EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE**

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	40,910	43,033	44,696	.....	.....	260,890
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	.....	.....	.....	.....	.....	.....
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL .....	40,910	43,033	44,696	.....	.....	260,890
DETAILS OF WRITE-INS							
0601	.....	.....	.....	.....	.....	.....	.....
0602	.....	.....	.....	.....	.....	.....	.....
0603	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

**EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
0199999 Total individuals .....	.....	.....	.....	.....	.....	.....
0299998 Premium due and unpaid not individually listed .....	.....	.....	.....	.....	.....	.....
0299999 Total group .....	.....	.....	.....	.....	.....	.....
0399999 Premiums due and unpaid from Medicare entities .....	.....	.....	.....	.....	.....	.....
0499999 Premiums due and unpaid from Medicaid entities .....	14,952	.....	.....	.....	.....	14,952
0599999 Accident and health premiums due and unpaid (Page 2, Line 10) ..	14,952	.....	.....	.....	.....	14,952

**EXHIBIT 4 - HEALTH CARE RECEIVABLES**

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
<b>Receivables not individually listed</b>						
Advanced PCS - Rx Rebates .....				197,920	197,920	
0499999 Total - Receivables not inidivdually listed .....						
0599999 Health care receivables .....				197,920	197,920	

**EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)**

**Aging Analysis of Unpaid Claims**

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....						
0399999 Aggregate Accounts Not Individually Listed - Covered .....	175,535	22,619	16,991	13,224	3,575	231,944
0499999 Subtotals .....	175,535	22,619	16,991	13,224	3,575	231,944
0599999 Unreported claims and other claim reserves .....						6,992,985
0699999 Total Amounts Withheld .....						
0799999 Total Claims Payable .....						7,224,929
0899999 Accrued Medical Incentive Pool .....						

**EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

1  Name of Affiliate	2	3	4	5	6	Admitted	
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	7 Current	8 Non-Current
	<div>NONE</div>						
0399999 Total gross amounts receivable .....	.....	.....	.....	.....	.....	.....	.....

**EXHIBIT 7 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES**

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
<b>Individually listed payables</b>				
Three Rivers Health Plans, Inc. ....	TRHP check deposited by BHP .....	97,488	97,488	
Three Rivers Administrative Services, LLC. ....	Administrative Fees .....	41,105	41,105	
Three Rivers Holding, Inc .....	Tax allocation accrual .....	61,980	61,980	
0199999 Total - Individually listed payables .....	X X X .....	200,573	200,573	
0299999 Payables not individually listed .....	X X X .....			
0399999 Total gross payables .....	X X X .....	200,573	200,573	



**EXHIBIT 8 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS**

		1	2	3	4	5	6
Payment Method		Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
<b>Capitation Payments:</b>							
1.	Medical groups .....						
2.	Intermediaries .....	1,387,591	3.593	44,696	100.000		1,387,591
3.	All other providers .....	286,996	0.743	44,696	100.000		286,996
4.	Total capitation payments .....	1,674,587	4.336	44,696	100.000		1,674,587
<b>Other Payments:</b>							
5.	Fee-for-service .....			X X X	X X X		
6.	Contractual fee payments .....	36,946,314	95.664	X X X	X X X		36,946,314
7.	Bonus/withhold arrangements - fee-for-service .....			X X X	X X X		
8.	Bonus/withhold arrangements - contractual fee payments .....			X X X	X X X		
9.	Non-contingent salaries .....			X X X	X X X		
10.	Aggregate cost arrangements .....			X X X	X X X		
11.	All other payments .....			X X X	X X X		
12.	Total other payments .....	36,946,314	95.664	X X X	X X X		36,946,314
13.	Total (Line 4 plus Line 12) .....	38,620,901	100.000	X X X	X X X		38,620,901

**EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES**

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
00000 .....	Davis Vision .....	118,390	19,732		
00000 .....	Doral Dental .....	1,233,201	205,534		
00000 .....	Medical Transport .....	36,000	6,000		
9999999 .....		1,387,591	X X X	X X X	X X X

**EXHIBIT 9 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....						
2.	Medical furniture, equipment and fixtures .....	<b>N O N E</b>					
3.	Pharmaceuticals and surgical supplies .....						
4.	Durable medical equipment .....						
5.	Other property and equipment .....						
6.	Total .....						

# Notes to Financial Statement

## 1. Summary of Significant Accounting Policies:

- A. The accompanying statement has been prepared in conformity with the NAIC *Accounting Practices and Procedures manual* as required by the State of Tennessee, except where NAIC statutory accounting practices and procedures do not address the accounting for the transaction.
  - (1) Better Health Plans, Inc.'s (the Company's) sole shareholder, Three Rivers Holdings, Inc. (Holdings), has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. Pursuant to a Tax Allocation Agreement with Holdings, the Company is required to reimburse Holdings for income tax liability Holdings' shareholders incur with respect to the Company's operations. The amount reimbursed is calculated to equal the sum of the federal income tax that the Company would have paid if it were a C corporation filing separate income tax returns. NAIC statutory accounting practices and procedures do not address the accounting for this type of transaction. Pursuant to correspondence received from the State of Tennessee, Department of Commerce and Insurance, TennCare Division dated February 22, 2002, the Company has been granted permission to report shareholder reimbursement of taxes as Provision for Federal Income Taxes on the Statement of Revenue and Expenses (page 4), line 29 of the accompanying financial statements. All such reimbursements made or accrued have been reported in accordance with this ruling. The amount reported on line 29 is \$303,767. There is no monetary effect on statutory surplus resulting from this transaction, as these amounts would otherwise be a write-in reduction to surplus.
- B. The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures manual* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. The State of Tennessee TennCare Bureau has paid premiums to the Company on a monthly basis for members effective through June 30, 2002. These amounts were recognized as revenue during the time that the Company was obligated to provide health services to those enrollees. In addition, the Company has received amounts from the State of Tennessee to be used to cover the cost of claims incurred for enrollees for dates of service prior to its contract effective date of July 1, 2001. The Company also receives a six (6) per cent administrative fee for processing these claims and is reimbursed for the amount of premium tax incurred. The total of the claims paid and the administrative fee are recognized as revenue in the month the claims are processed; the premium tax reimbursement is recorded as a credit against our premium tax expense.

Effective July 1, 2002, the Company entered into an Administrative Services agreement with the State of Tennessee TennCare Bureau. Under this agreement, the Company processes and pays claims and performs other managed care services and is reimbursed by TennCare. The Company receives an administrative fee for this service.

The Company contracts with various health care providers for the provision of certain medical care services to its members. The Company compensates those providers on a capitation or unit of service basis. These contracts have been maintained under the ASO agreement with TennCare; however, the Company is no longer at risk for medical expenses incurred on or after July 1, 2002.

Administrative fees paid to Three Rivers Administrative Services, LLC (TRAS) are allocated to each expense line pro rata based on the expenses incurred by TRAS. Expenses incurred by TRAS are allocated to its contracted HMO's based on the ratio of each HMO's member months to the total member months served by TRAS.

The following accounting policies materially affect the assets, liabilities, capital and surplus or results of operations:

- (1) The Company has no short term investments.
- (2) The Company reports bonds at amortized cost using the scientific (constant yield) method.
- (3) The Company has no investments in common stock.
- (4) The Company has no investments in preferred stock.
- (5) The Company has no investments in mortgage loans.
- (6) The Company has no investments in loan-backed securities.
- (7) The Company has no investments in subsidiaries, controlled or affiliated companies.
- (8) The Company has no investments in joint ventures, partnerships or limited liability companies.
- (9) The Company has no investments in derivatives.
- (10) The Company has no premium deficiency reserves.
- (11) The Company has recorded a liability for claims and claims adjustment expenses, which are expected to be paid after the end of the reporting period for services provided to members through June 30, 2002. These liabilities are based on historical data, current membership and health service utilization statistics, and other related information. As estimates are used in establishing these liabilities, the ultimate amounts may be in excess or less than the amounts

## Notes to Financial Statement

reported on this statement. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations.

(12) In accordance with SSAP 47, the Company's statement of operations excludes amounts received or paid on behalf of TennCare. No liability for claims has been established for periods after June 30, 2002.

2. Accounting Changes and Corrections of Errors:
  - A. The Company had no accounting changes or corrections of errors.
3. Business Combinations and Goodwill:
  - A. The Company has no business combinations or goodwill to report.
4. Discontinued Operations:
  - A. The Company has no discontinued operations to report.
5. Investments:
  - A. The Company has no investments in Mortgage Loans.
  - B. The Company has no investments in Debt Restructuring.
  - C. The Company has no investments in Reverse Mortgages.
  - D. The Company has no investments in Loan-Backed Securities.
  - E. The Company has no investments in Repurchase Agreements
6. Joint Ventures, Partnerships and Limited Liability Companies:
  - A. The Company has no Investments in Joint Ventures, Partnerships or Limited Liability Companies
7. Investment Income:
  - A. Investment income due and accrued with amounts over 90 days past due are non-admitted. At December 31, 2002, no investment income was non-admitted.
8. Derivative Instruments:
  - A. The Company has no investments in Derivative Instruments.
9. Income Taxes:
  - A. The Company has recorded no deferred income tax asset (DTA) or deferred tax liability (DTL). Holdings, the Company's sole shareholder, has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. SSAP 10 does not address QSST's. See note 1.A.(1) for the description of the tax allocation agreement and our treatment of such.
10. Information Concerning Parent, Subsidiaries and Affiliates:
  - A. B. C. & D.:
    - (1) The Company has the following related party agreements:
      - (a) Effective August 1, 2000, the Company entered into an Administrative Services Agreement with TRAS, a limited liability company 100% owned by Holdings. Under the agreement, TRAS performs all administrative services necessary for the Company to carry on its HMO business in return for a pmpm fee. The agreement with TRAS ends June 30, 2002 with automatic renewals for successive one-year terms there after, unless either party to the agreement gives notice of termination. Effective July 1, 2002, the State of Tennessee modified the TennCare program to change it to an ASO program during the period July 1, 2002 to December 31, 2003 (Stabilization Period). As a result of the modifications to the TennCare program, the Administrative Services Agreement with TRAS was modified so that the fee payable to TRAS is equal to 95 per cent of the ASO fees (fixed and contingent) earned by the Company under the TennCare program during the stabilization period. At the end of the stabilization period the original terms of the agreement will be reinstated.
      - (b) The Company has entered into a tax reimbursement agreement with its parent, Holdings. See note 1.A.(1) and note 9.A. for details regarding this agreement.
    - (2) At December 31, 2002, the Company reported the following amounts payable:
      - (a) \$61,980 due to the Parent Company, Holdings, for amounts due under the tax reimbursement agreement. Amounts under this agreement are payable quarterly. Total expense incurred under this agreement recorded in the current year is \$303,767.

\$41,105 due to TRAS, (also owned by Three Rivers Holdings, Inc) for amounts due under the Administrative Services Agreement. Payment is made monthly.

\$97,488 due to Three Rivers Health Plans, Inc (also owned by Holdings) for funds deposited in error to the Company's bank account. This amount was paid in January 2003.
    - (3) The Company has no investments in parent, subsidiaries, or affiliates.

## Notes to Financial Statement

- E. The Company has no guarantees or undertakings for the benefit of an affiliated or related party.
  - F. See item 10 A, B, C. & D for details regarding management and tax sharing agreements with related parties.
  - G. All outstanding shares of the company are owned by the parent company, Holdings, a Delaware Corporation. Holdings also owns all outstanding shares of Three Rivers Health Plans, Inc, a Pennsylvania domiciled HMO.
  - H. The Company has no upstream intermediate entity or ultimate parent owned via a downstream subsidiary, controlled, or affiliated entity.
  - I. & J. The Company has no investments in an SCA.
11. Debt:
- A. The Company has issued no capital notes or other debt instruments.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:
- A. The Company does not have any Defined Benefit Plans.
  - B. The Company does not have any Defined Contribution Plans.
  - C. The Company has no Multiemployer Plans
  - D. The Company has no employees and therefore has no retirement plans. All administrative services are performed by TRAS, which has a 401(k) Plan for its employees. Employees may contribute up to 15% of their gross pay. TRAS matches twenty five percent (25%) up to the first four percent (4%) of the employee's contributions. Vesting is immediate.
  - E. The Company has no Postemployment Benefits and Compensated Absences.
13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations:
- (1) The Company has 2,000 common shares authorized, with 100 issued and outstanding
  - (2) The Company has no preferred stock authorized or issued.
  - (3) Under the laws of the State of Tennessee, all dividends and other distributions to shareholders must be reported to the Commissioner of Commerce and Insurance within five (5) days following the declaration thereof and at least ten (10) days prior to payment. An extraordinary dividend is one which exceeds the greater of ten (10) per cent of the Company's surplus as of December 31 next preceding or the net income for the twelve month period ending December 31 next preceding. Extraordinary dividends must be approved in advance by the commissioner.
  - (4) Within the limitations of (3) above, there are no restrictions on the portion of the Company's profits that may be paid as ordinary dividends to the shareholder.
  - (5) The Company has no restrictions on unassigned surplus.
  - (6) The Company has no advances to surplus.
  - (7) The Company has no stock held for special purposes.
  - (8) The Company has no special surplus funds.
  - (9) Unassigned surplus was reduced by the following amounts:
 

(a) unrealized gains and losses	none
(b) non admitted asset values	\$227,931
(c) provision for reinsurance	none
  - (10) The Company has no surplus debentures or similar obligations.
  - (11) The Company has had no quasi-reorganizations.
14. Contingencies:
- A. The Company has no Contingent Commitments
  - B. The Company has no reportable assessments.
  - C. The Company has no gain contingencies.
  - D. All Other Contingencies
    - (1) The Company is insured with respect to malpractice and other professional liabilities. The malpractice and professional liability insurance coverages are claims-made policies covering the Company for incidents as long as the Company maintains current coverages. Since no malpractice or other professional liability claims have been asserted against the Company, no reserves have been recorded in the accompanying statements of admitted assets, liabilities and net worth.
    - (2) In the normal course of business, third parties assert claims against the Company pertaining to various aspects of its operations. As of December 31, 2002, the only such claims asserted arose from medical service providers seeking additional reimbursement for services rendered to the Company's enrolled members. Management believes the amounts accrued for medical expenses are adequate to cover any such claims. These claims are not expected to have a material financial impact on the Company's financial condition or the results of its operations.
15. Leases:
- A. The Company has no lessee arrangements.
  - B. The Company has no lessor business activities.
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk:
- A. The Company has no financial instruments with off-balance-sheet risk and none with concentrations of credit risk.

Notes to Financial Statement

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:

A. The Company has no transfers of receivables reported as sales.  
B. The Company has no transfers and servicing of Financial Assets.  
C. The Company has no wash sales.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:

A. The gain from operations from the Company’s ASO uninsured plan is as follows:

	ASO Uninsured Plans
a. Net reimbursement for administrative expenses in excess of actual expenses	\$ (104,730)
b. Total net other income or expenses	\$ (7,213)
c. Net gain or loss from operations (net of tax)	\$ (66,669)
d. Total claim payment volume	\$ 25,386,030

  
B. The Company has no ASC plans.  
C. The Company has no Medicare or similarly cost based reimbursement contracts.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:

A. The Company does not use Managing General Agents or Third Party Administrators.
20. Other Items:

A. The Company has no Extraordinary Items to report.  
B. The Company has no Debt Restructuring.  
C. The Company has no unusual items to report.  
D. The company has no uncollectible assets to report.  
E. The Company has no reinsurance accounted for as a deposit.  
F. The Company has no Multiple Peril Crop insurance.  
G. The Company has no Mezzanine Real Estate Loans.  
H. Health Care Receivables:

(1) As the company is operating as an ASO, no pharmacy rebates have been estimated since June 30, 2002. Rebates will be reported on a cash basis as received and forwarded to TennCare. The second previous quarter and prior quarters are reported based on reports from our pharmacy benefit manager (PBM) listing rebates invoiced. The Company generally receives a notice from the PBM in the fourth month following the end of each quarter, listing the rebate amounts billed by manufacturer. Received amounts listed below are calculated based on the date the PBM notified the Company of the invoiced rebates.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements (Original Estimate)	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of receiving Invoice	Actual Rebates Collected Within 91 to 180 Days of receiving Invoice	Actual Rebates Collected More Than 180 Days After receiving Invoice	Receivable as of 12/31/2002	Non-Admitted Asset	Admitted Asset
12/31/02	0		0	0		0	0	0
9/30/02	0		0	0		0	0	0
6/30/02	133,963	153,443	2,710	0		150,733	150,733	0
3/31/02	126,366	159,521	0	112,334		47,187	47,187	0
12/31/01	117,277	173,054	0	142,088	30,966	0	0	0
9/30/01	0	153,544	0	130,488	23,056	0	0	0

- I. The Company has no September 11 Events to report.  
J. The Company has no investments in real estate.  
K. The Company has no Participating Policies.  
L. The Company records a liability for claims, which are expected to be paid after the end of the reporting period, for services provided to members through June 30, 2002. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations.  
M. The Company has no Intercompany Pooling Arrangements.  
N. The Company has no Business Combinations and Goodwill resulting from the assumption of reinsurance.  
O. The Company has no Noncash transactions to report.  
P. The Company has elected to use rounding in reporting amounts in the statement.

## Notes to Financial Statement

21. Events Subsequent:
  - A. The Company has no subsequent events to report.
22. Reinsurance
  - A. The Company has no unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with any individual reinsurer, authorized or unauthorized that exceed 3% of the Company's surplus.
  - B. The Company has no reinsurance recoverables on paid and unpaid losses including IBNR losses in dispute by reason of notification, arbitration or litigation that exceed 5% of the Company's surplus.
  - C. The Company has no return commission that would be due reinsurers if the Company's reinsurance was canceled.
  - D. The Company has no uncollectible reinsurance that was written off.
  - E. The Company has no commutation of reinsurance.
  - F. The Company has no retroactive reinsurance.
23. Retrospectively Rated Contracts:
  - A. The Company has no retrospectively rated contracts.
24. Anticipated Salvage and Subrogation:
  - A. The Company has no anticipated salvage and subrogation.
25. Changes in Incurred Claims and Claims Adjustment Expense:
  - A. The Company has no changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years.
26. Organization and Operation:
  - A. The Company, a Tennessee corporation, was incorporated on August 9, 2000. On July 1, 2001, the Company received its Health Maintenance Organization (HMO) certificate of authority from the State of Tennessee. Effective July 1, 2001, the Company entered into a contract with the State of Tennessee TennCare Bureau to manage health benefits for eligible recipients in the Western Region of Tennessee.  
  
Effective July 1, 2002, the State of Tennessee modified the TennCare program to change it to an ASO program during the period July 1, 2002 to December 31, 2003 (Stabilization Period). Under this agreement, the Company processes and pays claims and performs other managed care services and is reimbursed by TennCare. The Company receives an administrative fee for this service.
27. Minimum Net Worth:
  - A. Under the laws of the State of Tennessee, every HMO must maintain a minimum net worth equal to the greater of \$1,500,000 or an amount totaling four (4) per cent of the first \$150,000,000 of annual premium revenue as reported on the most recent annual statement filed with the commissioner and one and one-half (1.5) per cent of the annual premium revenue in excess of \$150,000,000.

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....	1,153,235	10.580	1,153,235	10.580
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....				
1.512	Issued by FNMA and FHLMC .....				
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....	9,746,397	89.420	9,746,397	89.420
9.	Other invested assets .....				
10.	Total invested assets .....	10,899,632	100.000	10,899,632	100.000



**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]
- 1.3 State Regulating?

Tennessee
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

03/22/2002
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4 By what department or departments?  
Tennessee Department of Commercial Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[ ] No[X]
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

Yes[ ] No[X]
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

**GENERAL INTERROGATORIES (continued)**

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP., Two Commerce Square, Suite 4000, 2001 Market Street, Philadelphia, Pennsylvania 19103-7096

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Barbara V. Scheil, FSA, MAAA, Member of the American Academy of Actuaries, AON Consulting, Inc., Boulders VII, 7325 Beaufont Springs Drive, Suite 300, Richmond, Virginia 23225

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?  
10.3 Have there been any changes made to any of the trust indentures during the year?  
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[ ] No[ ] N/A[X]

Yes[ ] No[ ] N/A[X]

Yes[ ] No[ ] N/A[X]

**BOARD OF DIRECTORS**

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[X] No[ ]

Yes[X] No[ ]

Yes[X] No[ ]

**FINANCIAL**

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
14.11 To directors or other officers  
14.12 To stockholders not officers  
14.13 Trustees, supreme or grand (Fraternal only)

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
14.21 To directors or other officers  
14.22 To stockholders not officers  
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

15.2 If yes, state the amount thereof at December 31 of the current year:  
15.21 Rented from others  
15.22 Borrowed from others  
15.23 Leased from others  
15.24 Other
- \$ .....  
\$ .....  
\$ .....

\$ .....  
\$ .....  
\$ .....

Yes[ ] No[X]

\$ .....  
\$ .....  
\$ .....  
\$ .....
- Disclose in Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

16.2 If answer is yes:  
16.21 Amount paid as losses or risk adjustment  
16.22 Amount paid as expenses  
16.23 Other amounts paid
- Yes[ ] No[X]

\$ .....  
\$ .....  
\$ .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

17. List the following capital stock information for the reporting entity:

		1	2	3	4	5	6
Class		Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2.	Common .....	..... 2,000,000	..... 100,000	.....	..... X X X .....	..... X X X .....	..... X X X .....

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits?

Yes[X] No[ ]

18.2 If no, give full and complete information, relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1).

Yes[ ] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$
19.22	Subject to repurchase agreements	\$
19.23	Subject to reverse repurchase agreements	\$
19.24	Subject to dollar repurchase agreements	\$
19.25	Subject to reverse dollar repurchase agreements	\$
19.26	Pledged as collateral	\$
19.27	Placed under option agreements	\$
19.28	Letter stock or securities restricted as to sale	\$
19.29	Other	\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year.

\$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1		2
Name of Custodian(s)		Custodian's Address
22.1001	First Tennessee Bank National Association .....	Memphis, TN .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[ ] No[X]  
22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ .....  
23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid

24.1 Amount of payments for legal expenses, if any? \$ .....  
24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ ..... 31,152  
25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
Miller & Martin, LLP .....	..... 31,152



FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	11,568,273	18,755,020			
2. Total liabilities (Page 3, Line 18) .....	8,046,712	15,611,817			
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 26) .....	3,521,561	3,143,203			
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	38,264,598	34,895,131			
6. Total medical and hospital expenses (Line 17) .....	32,395,363	29,635,803			
7. Total administrative expenses (Line 19) .....	4,363,782	4,134,052			
8. Net underwriting gain (loss) (Line 22) .....	582,990	65,008			
9. Net investment gain (loss) (Line 25) .....	310,445	205,916			
10. Total other income (Lines 26 plus 27) .....		(16,000)			
11. Net income or (loss) (Line 30) .....	589,668	172,254			
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	3,521,561	3,143,203			
13. Authorized control level risk-based capital .....	1,745,623	1,857,172			
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....		40,910			
15. Total members months (Column 6, Line 7) .....	260,890	242,981			
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5)</b>					
16. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17) .....	84.7	84.9			
18. Total underwriting deductions (Line 21) .....	98.5	99.8			
19. Total underwriting gain (loss) (Line 22) .....	1.5	0.2			
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	13,189,748				
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	13,189,748				

**FIVE-YEAR HISTORICAL DATA (Continued)**

		1 2002	2 2001	3 2000	4 1999	5 1998
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26.	Affiliated mortgage loans on real estate .....					
27.	All other affiliated .....					
28.	Total of above Lines 22 to 27 .....					

**NONE**



**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

REPORT FOR: 1. CORPORATION: Better Health Plans, Inc.      2. DIVISION:

NAIC Group Code 2718

BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 11139

	1	Comprehensive (Hospital & Medical)		4	5	6	7 Federal Employees Health Benefit Plan	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only		Title XVIII Medicare	Title XIX Medicaid	Other
<b>Total Members at end of:</b>										
1. Prior Year .....	40,910								40,910	
2. First Quarter .....	43,033								43,033	
3. Second Quarter .....	44,696								44,696	
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	260,890								260,890	
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	220,864								220,864	
8. Non-Physician .....	46,292								46,292	
9. Total .....	267,156								267,156	
10. Hospital Patient Days Incurred .....	15,517								15,517	
11. Number of Inpatient Admissions .....	2,983								2,983	
12. Premiums Collected .....	39,298,814								39,298,814	
13. Premiums Earned .....	38,461,865								38,461,865	
14. Amount Paid for Provision of Health Care Services .....	38,620,901								38,620,901	
15. Amount of Incurred for Provision of Health Care Services .....	32,656,082								32,656,082	

34 Grand Total





**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION**

REPORT FOR: 1. CORPORATION: Better Health Plans, Inc.      2. DIVISION:

NAIC Group Code 2718

BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Company Code 11139

	1	Comprehensive (Hospital & Medical)		4	5	6	7 Federal Employees Health Benefit Plan	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only		Title XVIII Medicare	Title XIX Medicaid	Other
<b>Total Members at end of:</b>										
1. Prior Year .....	40,910								40,910	
2. First Quarter .....	43,033								43,033	
3. Second Quarter .....	44,696								44,696	
4. Third Quarter .....										
5. Current Year .....										
6. Current Year Member Months .....	260,890								260,890	
<b>Total Member Ambulatory Encounters for Year:</b>										
7. Physician .....	220,864								220,864	
8. Non-Physician .....	46,292								46,292	
9. Total .....	267,156								267,156	
10. Hospital Patient Days Incurred .....	15,517								15,517	
11. Number of Inpatient Admissions .....	2,983								2,983	
12. Premiums Collected .....	39,298,814								39,298,814	
13. Premiums Earned .....	38,461,865								38,461,865	
14. Amount Paid for Provision of Health Care Services .....	38,620,901								38,620,901	
15. Amount of Incurred for Provision of Health Care Services .....	32,656,082								32,656,082	

**SCHEDULE A - VERIFICATION BETWEEN YEARS**

1.	Book/adjusted carrying value, December 31, prior year (prior year statement) .....	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 10 .....	
2.2	Totals, Part 3, Column 7 .....	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)) .....	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 13 .....	
4.2	Totals, Part 3, Column 9 .....	
5.	Total profit (loss) on sales, Part 3, Column 14 .....	
6.	Increase (decrease) by foreign exchange adjustment .....	
6.1	Totals, Part 1, Column 11 .....	
6.2	Totals, Part 3, Column 8 .....	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 12 .....	
8.	Book/adjusted carrying value at the end of current period .....	
9.	Total valuation allowance .....	
10.	Subtotal (Lines 8 plus 9) .....	
11.	Total nonadmitted amounts .....	
12.	Statement value, current period (Page 2, real estate lines, current period) .....	

NONE

**SCHEDULE B - VERIFICATION BETWEEN YEARS**

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year .....	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount and mortgage interest points and commitment fees .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of mortgages owned at end of current period .....	

NONE

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of long-term invested assets at end of current period .....	

NONE

**SCHEDULE D - SUMMARY BY COUNTRY**  
**Long-term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	1,153,235	1,153,235	1,169,125	1,100,000
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....	1,153,235	1,153,235	1,169,125	1,100,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....				
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....				
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	1,153,235	1,153,235	1,169,125	1,100,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	1,153,235	1,153,235	1,169,125	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

**SCHEDULE D - Verification Between Years**

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>900,000</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>1,169,125</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....	<u>(15,890)</u>	6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....			
3.4 Column 10, Part 4.....	<u>(15,890)</u>	7. Book/adjusted carrying value at end of current period.....	<u>1,153,235</u>
4. Total gain (loss), Column 14, Part 4.....		8. Total valuation allowance.....	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8).....	<u>1,153,235</u>
Column 6, Part 4.....	<u>900,000</u>	10. Total nonadmitted assets.....	
		11. Statement value of bonds and stocks, current period.....	<u>1,153,235</u>

**SCHEDULE D - PART 1A - SECTION 1**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. GOVERNMENTS, SCHEDULES D & DA (Group 1)											
1.1	Class 1		1,153,235				1,153,235	100.00			1,153,235	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS		1,153,235				1,153,235	100.00			1,153,235	
2.	ALL OTHER GOVERNMENTS, SCHEDULES D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	STATES, TERRITORIES AND POSSESSIONS ETC., GUARANTEED, SCHEDULES D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	POLITICAL SUBDIVISIONS OF STATES, TERRITORIES & POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	SPECIAL REVENUE & SPECIAL ASSESSMENT OBLIGATIONS ETC., NON-GUARANTEED, SCHEDULES D & DA (Group 5)											
5.1	Class 1								900,000	100.00		
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS								900,000	100.00		

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. PUBLIC UTILITIES (UNAFFILIATED), SCHEDULES D & DA (Group 6)											
6.1 Class 1 .....											
6.2 Class 2 .....											
6.3 Class 3 .....											
6.4 Class 4 .....											
6.5 Class 5 .....											
6.6 Class 6 .....											
6.7 TOTALS .....											
7. INDUSTRIAL & MISCELLANEOUS (UNAFFILIATED), SCHEDULES D & DA (Group 7)											
7.1 Class 1 .....											
7.2 Class 2 .....											
7.3 Class 3 .....											
7.4 Class 4 .....											
7.5 Class 5 .....											
7.6 Class 6 .....											
7.7 TOTALS .....											
8. CREDIT TENANT LOANS, SCHEDULES D & DA (Group 8)											
8.1 Class 1 .....											
8.2 Class 2 .....											
8.3 Class 3 .....											
8.4 Class 4 .....											
8.5 Class 5 .....											
8.6 Class 6 .....											
8.7 TOTALS .....											
9. PARENT, SUBSIDIARIES AND AFFILIATES, SCHEDULES D & DA (Group 9)											
9.1 Class 1 .....											
9.2 Class 2 .....											
9.3 Class 3 .....											
9.4 Class 4 .....											
9.5 Class 5 .....											
9.6 Class 6 .....											
9.7 TOTALS .....											

**SCHEDULE D - PART 1A - SECTION 1 (continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating Per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Column 6 as a % of Line 10.7	Total From Column 6 Prior Year	% From Column 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. TOTAL BONDS CURRENT YEAR											
10.1 Class 1 .....		1,153,235				1,153,235	100.00	X X X	X X X	1,153,235	
10.2 Class 2 .....								X X X	X X X		
10.3 Class 3 .....								X X X	X X X		
10.4 Class 4 .....								X X X	X X X		
10.5 Class 5 .....						(c)		X X X	X X X		
10.6 Class 6 .....						(c)		X X X	X X X		
10.7 TOTALS .....		1,153,235				(b) 1,153,235	100.00	X X X	X X X	1,153,235	
10.8 Line 10.7 as a % of Column 6 .....		100.00				100.00	X X X	X X X	X X X	100.00	
11. TOTAL BONDS PRIOR YEAR											
11.1 Class 1 .....		900,000				X X X	X X X	900,000	100.00	900,000	
11.2 Class 2 .....						X X X	X X X				
11.3 Class 3 .....						X X X	X X X				
11.4 Class 4 .....						X X X	X X X				
11.5 Class 5 .....						X X X	X X X	(c)			
11.6 Class 6 .....						X X X	X X X	(c)			
11.7 TOTALS .....		900,000				X X X	X X X	(b) 900,000	100.00	900,000	
11.8 Line 11.7 as a % of Col. 8 .....		100.00				X X X	X X X	100.00	X X X	100.00	
12. TOTAL PUBLICLY TRADED BONDS											
12.1 Class 1 .....		1,153,235				1,153,235	100.00	900,000	100.00	1,153,235	X X X
12.2 Class 2 .....											X X X
12.3 Class 3 .....											X X X
12.4 Class 4 .....											X X X
12.5 Class 5 .....											X X X
12.6 Class 6 .....											X X X
12.7 TOTALS .....		1,153,235				1,153,235	100.00	900,000	100.00	1,153,235	X X X
12.8 Line 12.7 as a % of Col. 6 .....		100.00				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 .....		100.00				100.00	X X X	X X X	X X X	100.00	X X X
13. TOTAL PRIVATELY PLACED BONDS											
13.1 Class 1 .....										X X X	
13.2 Class 2 .....										X X X	
13.3 Class 3 .....										X X X	
13.4 Class 4 .....										X X X	
13.5 Class 5 .....										X X X	
13.6 Class 6 .....										X X X	
13.7 TOTALS .....										X X X	
13.8 Line 13.7 as a % of Col. 6 .....							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 .....							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
(c) Includes \$..... current year, \$..... prior year of bonds with 5\* designations and \$..... current year, \$..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

**SCHEDULE D - PART 1A - SECTION 2**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues**

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5  Over 20 Years	6  Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. GOVERNMENTS, SCHEDULES D & DA (Group 1)											
1.1	Issuer Obligations .....		1,153,235				1,153,235	100.00			1,153,235	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds .....											
1.7	TOTALS .....		1,153,235				1,153,235	100.00			1,153,235	
2.	ALL OTHER GOVERNMENTS, SCHEDULES D & DA (Group 2)											
2.1	Issuer Obligations .....											
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
2.3	Defined .....											
2.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
2.5	Defined .....											
2.6	Other .....											
2.7	TOTALS .....											
3.	STATES, TERRITORIES AND POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 3)											
3.1	Issuer Obligations .....											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
3.3	Defined .....											
3.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
3.5	Defined .....											
3.6	Other .....											
3.7	TOTALS .....											
4.	POLITICAL SUBDIVISIONS OF STATES, TERRITORIES & POSSESSIONS, GUARANTEED, SCHEDULES D & DA (Group 4)											
4.1	Issuer Obligations .....											
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
4.3	Defined .....											
4.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
4.5	Defined .....											
4.6	Other .....											
4.7	TOTALS .....											
5.	SPECIAL REVENUE & SPECIAL ASSESSMENT OBLIGATIONS ETC., NON-GUAR., SCH. D & DA (Group 5)											
5.1	Issuer Obligations .....								900,000	100.00		
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
5.3	Defined .....											
5.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
5.5	Defined .....											
5.6	Other .....											
5.7	TOTALS .....								900,000	100.00		

**SCHEDULE D - PART 1A - SECTION 2 (continued)**

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5  Over 20 Years	6  Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. PUBLIC UTILITIES (UNAFFILIATED), SCHEDULES D & DA (Group 6)											
6.1 Issuer Obligations .....											
6.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
6.3 Defined .....											
6.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
6.5 Defined .....											
6.6 Other .....											
6.7 TOTALS .....											
7. INDUSTRIAL & MISCELLANEOUS (UNAFFILIATED), SCHEDULES D & DA (Group 7)											
7.1 Issuer Obligations .....											
7.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
7.3 Defined .....											
7.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
7.5 Defined .....											
7.6 Other .....											
7.7 TOTALS .....											
8. CREDIT TENANT LOANS, SCHEDULES D & DA (Group 8)											
8.1 Issuer Obligations .....											
8.7 TOTALS .....											
9. PARENT, SUBSIDIARIES AND AFFILIATES, SCHEDULES D & DA (Group 9)											
9.1 Issuer Obligations .....											
9.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
9.3 Defined .....											
9.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
9.5 Defined .....											
9.6 Other .....											
9.7 TOTALS .....											



**SCHEDULE D - PART 1A - SECTION 2 (continued)**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues**

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. TOTAL BONDS CURRENT YEAR											
10.1 Issuer Obligations .....		1,153,235				1,153,235	100.00	X X X	X X X	1,153,235	
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....								X X X	X X X		
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
10.3 Defined .....								X X X	X X X		
10.4 Other .....								X X X	X X X		
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
10.5 Defined .....								X X X	X X X		
10.6 Other .....								X X X	X X X		
10.7 TOTALS .....		1,153,235				1,153,235	100.00	X X X	X X X	1,153,235	
10.8 Line 10.7 as a % of Column 6 .....		100.00				100.00	X X X	X X X	X X X	100.00	
11. TOTAL BONDS PRIOR YEAR											
11.1 Issuer Obligations .....		900,000				X X X	X X X	900,000	100.00	900,000	
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....						X X X	X X X				
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
11.3 Defined .....						X X X	X X X				
11.4 Other .....						X X X	X X X				
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
11.5 Defined .....						X X X	X X X				
11.6 Other .....						X X X	X X X				
11.7 TOTALS .....		900,000				X X X	X X X	900,000	100.00	900,000	
11.8 Line 11.7 as a % of Column 8 .....		100.00				X X X	X X X	100.00	X X X	100.00	
12. TOTAL PUBLICLY TRADED BONDS											
12.1 Issuer Obligations .....		1,153,235				1,153,235	100.00	900,000	100.00	1,153,235	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....											X X X
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
12.3 Defined .....											X X X
12.4 Other .....											X X X
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
12.5 Defined .....											X X X
12.6 Other .....											X X X
12.7 TOTALS .....		1,153,235				1,153,235	100.00	900,000	100.00	1,153,235	X X X
12.8 Line 12.7 as a % of Column 6 .....		100.00				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10 .....		100.00				100.00	X X X	X X X	X X X	100.00	X X X
13. TOTAL PRIVATELY PLACED BONDS											
13.1 Issuer Obligations .....										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds .....										X X X	
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
13.3 Defined .....										X X X	
13.4 Other .....										X X X	
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
13.5 Defined .....										X X X	
13.6 Other .....										X X X	
13.7 TOTALS .....										X X X	
13.8 Line 13.7 as a % of Column 6 .....							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10 .....							X X X	X X X	X X X	X X X	

**43      Schedule DA Part 2 - ..... NONE**

**44      Schedule DB Part A Verification -..... NONE**

**44      Schedule DB Part B Verification -..... NONE**

**45      Schedule DB Part C Verification -..... NONE**

**45      Schedule DB Part D Verification -..... NONE**

**45      Schedule DB Part E Verification -..... NONE**

**46      Schedule DB Part F Sn 1 - Sum Replicated Assets -..... NONE**

**47      Schedule DB Part F Sn 2 - Recon Replicated Assets - ..... NONE**

**48      Schedule S - Part 1 - Section 2 - ..... NONE**

**SCHEDULE S - PART 2**

**Reinsurance Recoverable on Paid and Unpaid Losses Listed by  
Reinsuring Company as of December 31, Current Year**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4  Name of Company	5  Location	6  Paid Losses	7  Unpaid Losses
<b>Accident and Health, Non-Affiliates</b>						
90611 .....	41-1366075 ...	07/01/2001	Allianz Life Ins Co Of North Amer .....	Minneapolis, MN .....	11,607	
0599999 Total - Accident and Health, Non-Affiliates .....					11,607	
0699999 Totals - Accident and Health .....					11,607	
0799999 Totals - Life, Annuity and Accident and Health .....					11,607	

**SCHEDULE S - PART 3 - SECTION 2**

**Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year**

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
<b>Non-Affiliates</b>												
90611 ....	41-1366075 ...	07/01/2001	Allianz Life Insurance Company of North America .....	Minneapolis, MN .....	SSL/L .....	..... 197,267	.....	.....	.....	.....	.....	.....
0299999 Total - Non-Affiliates .....						..... 197,267	.....	.....	.....	.....	.....	.....
0399999 Totals .....						..... 197,267	.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 4**  
**Reinsurance Ceded To Unauthorized Companies**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
				N O N E									
1199999 Totals (General Account and Separate Accounts combined) .....				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

**SCHEDULE S - PART 5**  
**Five-Year Exhibit of Reinsurance Ceded Business**  
**(000 Omitted)**

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>A. OPERATIONS ITEMS</b>					
1. Premiums .....					
2. Title XVIII-Medicare .....					
3. Title XIX - Medicaid .....	197	184			
4. Commissions and reinsurance expense allowance .....					
5. Total medical and hospital expenses .....					
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable .....					
7. Claims payable .....					
8. Reinsurance recoverable on paid losses .....	12				
9. Experience rating refunds due or unpaid .....					
10. Commissions and reinsurance expense allowances unpaid .....					
11. Unauthorized reinsurance offset .....					
<b>C. UNAUTHORIZED REINSURANCE</b>					
<b>(DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F) .....					
13. Letters of credit (L) .....					
14. Trust agreements (T) .....					
15. Other (O) .....					

**SCHEDULE S - PART 6**  
**Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance**

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 9) .....	10,899,632		10,899,632
2. Amounts recoverable from reinsurers (Line 12) .....	11,607	(11,607)	
3. Accident and health premiums due and unpaid (Line 10) .....	14,952		14,952
4. Net credit for ceded reinsurance .....	X X X	11,607	11,607
5. All other admitted assets (Balance) .....	642,082		642,082
6. Total assets (Line 23) .....	11,568,273		11,568,273
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1) .....	7,224,929		7,224,929
8. Accrued medical incentive pool and bonus payments (Line 2) .....			
9. Premiums received in advance (Line 6) .....	291,006		291,006
10. Reinsurance in unauthorized companies (Line 14) .....			
11. All other liabilities (Balance) .....	530,777		530,777
12. Total liabilities (Line 18) .....	8,046,712		8,046,712
13. Total capital and surplus (Line 26) .....	3,521,561	X X X	3,521,561
14. Total liabilities, capital and surplus (Line 27) .....	11,568,273		11,568,273
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid .....			
16. Accrued medical incentive pool .....			
17. Premiums received in advance .....			
18. Reinsurance recoverable on paid losses .....	11,607		
19. Other ceded reinsurance recoverables .....			
20. Total ceded reinsurance recoverables .....	11,607		
21. Premiums receivable .....			
22. Unauthorized reinsurance .....			
23. Other ceded reinsurance payables/offsets .....			
24. Total ceded reinsurance payables/offsets .....			
25. Total net credit for ceded reinsurance .....	11,607		

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

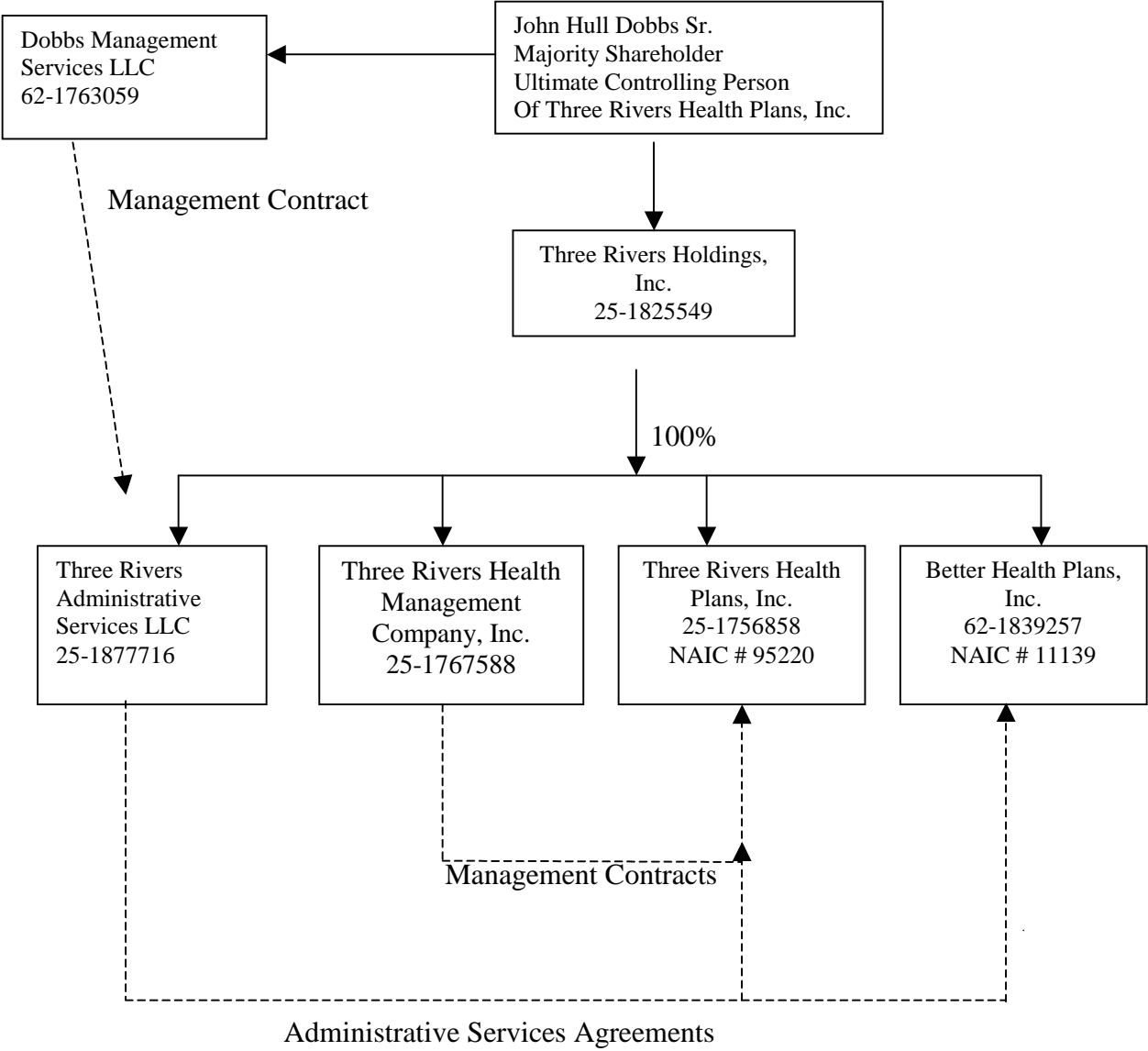
**Allocated by States and Territories**

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL .....	... No ...	... No ...				
2.	Alaska	AK .....	... No ...	... No ...				
3.	Arizona	AZ .....	... No ...	... No ...				
4.	Arkansas	AR .....	... No ...	... No ...				
5.	California	CA .....	... No ...	... No ...				
6.	Colorado	CO .....	... No ...	... No ...				
7.	Connecticut	CT .....	... No ...	... No ...				
8.	Delaware	DE .....	... No ...	... No ...				
9.	District of Columbia	DC .....	... No ...	... No ...				
10.	Florida	FL .....	... No ...	... No ...				
11.	Georgia	GA .....	... No ...	... No ...				
12.	Hawaii	HI .....	... No ...	... No ...				
13.	Idaho	ID .....	... No ...	... No ...				
14.	Illinois	IL .....	... No ...	... No ...				
15.	Indiana	IN .....	... No ...	... No ...				
16.	Iowa	IA .....	... No ...	... No ...				
17.	Kansas	KS .....	... No ...	... No ...				
18.	Kentucky	KY .....	... No ...	... No ...				
19.	Louisiana	LA .....	... No ...	... No ...				
20.	Maine	ME .....	... No ...	... No ...				
21.	Maryland	MD .....	... No ...	... No ...				
22.	Massachusetts	MA .....	... No ...	... No ...				
23.	Michigan	MI .....	... No ...	... No ...				
24.	Minnesota	MN .....	... No ...	... No ...				
25.	Mississippi	MS .....	... No ...	... No ...				
26.	Missouri	MO .....	... No ...	... No ...				
27.	Montana	MT .....	... No ...	... No ...				
28.	Nebraska	NE .....	... No ...	... No ...				
29.	Nevada	NV .....	... No ...	... No ...				
30.	New Hampshire	NH .....	... No ...	... No ...				
31.	New Jersey	NJ .....	... No ...	... No ...				
32.	New Mexico	NM .....	... No ...	... No ...				
33.	New York	NY .....	... No ...	... No ...				
34.	North Carolina	NC .....	... No ...	... No ...				
35.	North Dakota	ND .....	... No ...	... No ...				
36.	Ohio	OH .....	... No ...	... No ...				
37.	Oklahoma	OK .....	... No ...	... No ...				
38.	Oregon	OR .....	... No ...	... No ...				
39.	Pennsylvania	PA .....	... No ...	... No ...				
40.	Rhode Island	RI .....	... No ...	... No ...				
41.	South Carolina	SC .....	... No ...	... No ...				
42.	South Dakota	SD .....	... No ...	... No ...				
43.	Tennessee	TN .....	... No ...	... Yes ...			38,461,865	
44.	Texas	TX .....	... No ...	... No ...				
45.	Utah	UT .....	... No ...	... No ...				
46.	Vermont	VT .....	... No ...	... No ...				
47.	Virginia	VA .....	... No ...	... No ...				
48.	Washington	WA .....	... No ...	... No ...				
49.	West Virginia	WV .....	... No ...	... No ...				
50.	Wisconsin	WI .....	... No ...	... No ...				
51.	Wyoming	WY .....	... No ...	... No ...				
52.	American Samoa	AS .....	... No ...	... No ...				
53.	Guam	GU .....	... No ...	... No ...				
54.	Puerto Rico	PR .....	... No ...	... No ...				
55.	U.S. Virgin Islands	VI .....	... No ...	... No ...				
56.	Canada	CN .....	... No ...	... No ...				
57.	Aggregate other alien	OT .....	... X X X ...	... X X X ...				
58.	TOTAL (Direct Business) .....		... X X X ...	(a)..... 1			38,461,865	
DETAILS OF WRITE-INS								
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page .....							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....							

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



**SCHEDULE Y (continued)**  
**PART 2 - SUMMARY OF INSURER’S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 95220 ..	.. 25-1756858 ..	Three Rivers Health Plans, Inc. ....	.. (23,000,000)	.....	.....	.....	.. (64,505,477)	.....	.....	..... (33,000)	.. (87,538,477)	.....
.. 11139 ..	.. 62-1839257 ..	Better Health Plans, Inc. ....	.....	.....	.....	.....	.. (7,484,722)	.....	.....	..... 33,000	.. (7,451,722)	.....
.....	.. 25-1825549 ..	Three Rivers Holdings, Inc. ....	.. 23,000,000	.....	.....	.....	.. 18,704,451	.....	.....	.....	.. 41,704,451	.....
.....	.. 25-1877716 ..	Three Rivers Administrative Servies, LLC. ....	.....	.....	.....	.....	.. 48,215,694	.....	.....	.....	.. 48,215,694	.....
.....	.. 25-1767588 ..	Three Rivers Health Management Company, Inc. ....	.....	.....	.....	.....	.. 5,070,054	.....	.....	.....	.. 5,070,054	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation: Column 11 includes amounts belonging to Three Rivers Health Plans that were deposited to Better Health Plans. Amount outstanding at 12/31/02 is \$97,488.

# SUPPLEMENTAL EXHIBITS AND SCHEDULES

## INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

	Response
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	No
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	No
6. Will the SVO Compliance Certification be filed by March 1?	Yes

APRIL FILING

7. Will Management's Discussion and Analysis be filed by April 1?	Yes
8. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
9. Will the Investment Risks Interrogatories be filed by April 1?	Yes

JUNE FILING

10. Will an audited financial report be filed by June 1 with the state of domicile?	Yes
---	-----

Explanations:

Bar Codes:

Medicare Supplement Insurance Experience Exhibit



Risk-Based Capital Filing



Risk-Based Capital Filing



LTC Experience Reporting Form C



**OVERFLOW PAGE FOR WRITE-INS**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1 Claim Adjustment Expenses	2 General Administrative Expenses	3 Investment Expenses	4 Total
2504. Training and Education .....	.....	..... 14,234	.....	..... 14,234
2505. Meetings .....	.....	..... 21,838	.....	..... 21,838
2506. Miscellaneous Expense .....	.....	..... 35,092	.....	..... 35,092
2597. Summary of overflow write-ins for Line 25 .....	.....	..... 71,164	.....	..... 71,164

**E01      Schedule A - Part 1 Real Estate Owned - ..... NONE**

**E02      Schedule A - Part 2 Real Estate Aquired - ..... NONE**

**E03      Schedule A - Part 3 Real Estate Sold - ..... NONE**

**E04      Schedule B - Part 1 Mortgage Loans Owned - ..... NONE**

**E05      Schedule B - Part 2 Mortgage Loans Sold - ..... NONE**

**E06      Schedule BA - Part 1 Invested Assets Owned - ..... NONE**

**E07      Schedule BA - Part 2 Invested Assets Sold - ..... NONE**

**SCHEDULE D - PART 1**

**Showing all Long-Term BONDS Owned December 31, of Current Year**

1	2	3	Interest		6	7	8	9	10	11	12	13	Interest		16	17	18	19	20	21
			4	5									14	15						
			Rate of	How Paid									Amount Due and Accrued Dec. 31 of Current Year on Bonds not in Default	Gross Amount Received During Year		Increase (Decrease) by Foreign Exchange Adjustment	Amount of Interest Due and Accrued Dec. 31 Current year, on Bonds in Default as to Principal or Interest	NAIC Designation	Date Acquired	Effective Rate of Interest
CUSIP Identification	Description	*			Maturity Date	Option Date	Option Call Price	Book/ Adjusted Carrying Value	Par Value	Rate Used to Obtain Fair Value	Fair Value	Actual Cost			Increase (Decrease) by Adjustment					
<b>U.S. Governments - Issuer Obligations</b>																				
9128275F5 ...	US Treasury Note .....	.....	5.250	.....	05/15/2004	.....	.....	204,633	200,000	.....	204,633	207,250	1,313	4,460	(2,617)			1 .....	03/12/2002	3.501
9128275M0 ...	US Treasury Note .....	.....	6.000	.....	08/15/2004	.....	.....	948,602	900,000	.....	948,602	961,875	20,262	(9,096)	(13,273)			1 .....	07/17/2002	2.579
0199999 Subtotal - U.S. Governments - Issuer Obligations .....								1,153,235	1,100,000	... X X X ...	1,153,235	1,169,125	21,575	(4,636)	(15,890)			X X X ..	X X X ..	X X X ...
0399999 Subtotal - U.S. Governments .....								1,153,235	1,100,000	... X X X ...	1,153,235	1,169,125	21,575	(4,636)	(15,890)			X X X ..	X X X ..	X X X ...
5499999 Subtotals - Issuer Obligations .....								1,153,235	1,100,000	... X X X ...	1,153,235	1,169,125	21,575	(4,636)	(15,890)			X X X ..	X X X ..	X X X ...
6099999 Grand Total - Bonds .....								1,153,235	1,100,000	... X X X ...	1,153,235	1,169,125	21,575	(4,636)	(15,890)			X X X ..	X X X ..	X X X ...

**E09      Schedule D - Part 2 Sn 1 Prfrd Stocks Owned -..... NONE**

**E10      Schedule D - Part 2 Sn 2 Common Stocks Owned - ..... NONE**

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8
CUSIP Identification	Description	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
<b>Bonds - U.S. Governments</b>							
9128275F5 .....	U.S. Treasury Note .....	... 03/12/2002 ..	First Tennessee Capital Markets .....	..... X X X .....	..... 207,250 .....	..... 200,000.00 .....	..... 3,423 .....
9128275M0 .....	U.S. Treasury Note .....	... 07/17/2002 ..	First Tennessee Capital Markets .....	..... X X X .....	..... 961,875 .....	..... 900,000.00 .....	..... 22,823 .....
0399999 Subtotal - Bonds - U.S. Governments .....					..... 1,169,125 .....	..... 1,100,000.00 .....	..... 26,246 .....
6099997 Subtotal - Bonds - Part 3 .....					..... 1,169,125 .....	..... 1,100,000.00 .....	..... 26,246 .....
6099998 Summary item from Part 5 for Bonds .....							
6099999 Subtotal - Bonds .....					..... 1,169,125 .....	..... 1,100,000.00 .....	..... 26,246 .....
6599998 Summary Item from Part 5 for Preferred Stocks .....						..... X X X .....	
7099998 Summary Item from Part 5 for Common Stocks .....						..... X X X .....	
7199999 Subtotal - Preferred and Common Stocks .....						..... X X X .....	
7299999 Totals .....					..... 1,169,125 .....	..... X X X .....	..... 26,246 .....



**SCHEDULE D - PART 4**

**Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year
<b>Bonds - Special Revenue, Special Assessment</b>															
3133MHW7	Federal Home Loan Bank .....	07/17/2002	Called 100.00 .....	... X X X ...	..... 900,000	... 900,000.00	..... 900,000	..... 900,000	.....	.....	.....	.....	.....	..... 23,220	.... X X X ....
3199999 Subtotal - Bonds - Special Revenue, Special Assessment .....					..... 900,000	... 900,000.00	..... 900,000	..... 900,000	.....	.....	.....	.....	.....	..... 23,220	.... X X X ....
6099997 Subtotal - Bonds - Part 4 .....					..... 900,000	... 900,000.00	..... 900,000	..... 900,000	.....	.....	.....	.....	.....	..... 23,220	.... X X X ....
6099998 Summary Item from Part 5 for Bonds .....									.....	.....	.....	.....	.....		.... X X X ....
6099999 Subtotal - Bonds .....					..... 900,000	... 900,000.00	..... 900,000	..... 900,000	.....	.....	.....	.....	.....	..... 23,220	.... X X X ....
6599998 Summary Item from Part 5 for Preferred Stocks .....						X X X			.....	.....	.....	.....	.....	X X X	.....
7099998 Summary Item from Part 5 for Common Stocks .....						X X X			.....	.....	.....	.....	.....	X X X	.....
7199999 Subtotal - Preferred and Common Stocks .....						X X X			.....	.....	.....	.....	.....	X X X	.....
7299999 Totals .....					..... 900,000	... X X X	..... 900,000	..... 900,000	.....	.....	.....	.....	.....	..... 23,220	.....

<b>E13</b>	<b>Schedule D - Part 5 LT Bonds/Stocks Aquired/Disp -</b> .....	<b>NONE</b>
<b>E14</b>	<b>Schedule D - Part 6 Sn 1 -</b> .....	<b>NONE</b>
<b>E14</b>	<b>Schedule D - Part 6 Sn 2 -</b> .....	<b>NONE</b>
<b>E15</b>	<b>Schedule DA - Part 1 ST Investments Owned -</b> .....	<b>NONE</b>
<b>E16</b>	<b>Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned -</b> .....	<b>NONE</b>
<b>E16</b>	<b>Schedule DB - Part A Sn 2 Opt/Cap/Floor Aquired -</b> .....	<b>NONE</b>
<b>E17</b>	<b>Schedule DB - Part A Sn 3 Opt/Cap/Floor Term -</b> .....	<b>NONE</b>
<b>E17</b>	<b>Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force -</b> .....	<b>NONE</b>
<b>E18</b>	<b>Schedule DB - Part B Sn 2 Opt/Cap/Floor Written -</b> .....	<b>NONE</b>
<b>E18</b>	<b>Schedule DB - Part B Sn 3 Opt/Cap/Floor Term -</b> .....	<b>NONE</b>
<b>E19</b>	<b>Schedule DB - Part C Sn 1 Col/Swap/Frwr Open -</b> .....	<b>NONE</b>
<b>E19</b>	<b>Schedule DB - Part C Sn 2 Col/Swap/Frwr Opened -</b> .....	<b>NONE</b>
<b>E20</b>	<b>Schedule DB - Part C Sn 3 Col/Swap/Frwr Term -</b> .....	<b>NONE</b>
<b>E20</b>	<b>Schedule DB - Part D Sn 1 Futures Contracts Open -</b> .....	<b>NONE</b>
<b>E21</b>	<b>Schedule DB - Part D Sn 2 Futures Contracts Opened -</b> .....	<b>NONE</b>
<b>E21</b>	<b>Schedule DB - Part D Sn 3 Futures Contracts Term -</b> .....	<b>NONE</b>
<b>E22</b>	<b>Schedule DB - Part E Sn 1 Counterparty Exposure -</b> .....	<b>NONE</b>

**SCHEDULE DM**

**For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.**

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
1. Bonds .....	..... 1,153,235	..... 1,170,313	..... 17,078
2. Preferred Stocks .....			
3. TOTALS .....	..... 1,153,235	..... 1,170,313	..... 17,078

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.: Fair Value rate was furnished by First Tennessee Capital Markets as of 12/31/2002.

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6
Depository			Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories							
PNC Bank - Operating Account .....	Monroeville, PA .....		1.240	301,437	10,900	10,273,583	.
PNC Bank - ASO Account .....	Monroeville, PA .....		1.097	6,208		(529,668)	.
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....			X X X	852		2,482	xxx
0199999 Totals - Open Depositories .....			X X X	308,497	10,900	9,746,397	xxx
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....			X X X				xxx
0299999 Totals - Suspended Depositories .....			X X X				xxx
0399999 Total Cash On Deposit .....			X X X	308,497	10,900	9,746,397	xxx
0499999 Cash in Company's Office .....			X X X	X X X	X X X		xxx
0599999 Total Cash .....			X X X	308,497	10,900	9,746,397	xxx

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January .....	16,687,786	4. April .....	18,646,712	7. July .....	19,463,508	10. October .....	10,947,905
2. February .....	17,730,700	5. May .....	16,859,257	8. August .....	13,671,835	11. November .....	9,110,082
3. March .....	17,785,404	6. June .....	17,788,334	9. September .....	10,703,025	12. December .....	9,746,397

**SCHEDULE E - PART 2 - SPECIAL DEPOSITS**

1 Line Number	2  Type	3  Description of Deposit	4  Where Deposited and Purpose of Deposit	5  Par or Book Value	6  Statement Value (a)	7  Fair Value
<b>Tennessee</b>						
TN00001	B .....	USTNTS, 6.000, 08/15/2004 .....	TN RSD by Tennessee Code/Title 56 insurance 56-32-212 .....	900,000	948,602	948,602
TN00002	B .....	USTNTS, 5.250, 05/15/2004 .....	TN RSD by Tennessee Code/Title 56 insurance 56-32-212 .....	200,000	204,633	204,633
TN99999	Subtotals - Tennessee .....			1,100,000	1,153,235	1,153,235
XX99999	Subtotals - Special Deposits Not Held for the Benefit Of All Policyholders, Claimants and Creditors of the Company .....			1,100,000	1,153,235	1,153,235
9999999	Totals .....			1,100,000	1,153,235	1,153,235

(a) Including \$..... cash and short-term investments as defined in SSAP No.2 of the NAIC Accounting Practices and Procedures Manual.